

ANNUAL REPORT

OF THE

MINNEAPOLIS, ST. PAUL & SAULT STE. MARIE RAILWAY COMPANY

G. W. WEBSTER AND JOSEPH CHAPMAN, TRUSTEES

FOR THE YEAR ENDED
DECEMBER 31

1943



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This report is published by the Trustees of the property of the Company and includes operations and accounts prior and subsequent to Trusteeship in order to preserve the continuity of the annual records for comparative purposes.



MINNEAPOLIS, ST. PAUL & SAULT STE. MARIE RAILWAY COMPANY

G. W. Webster and Joseph Chapman, Trustees

C. S. POPE, Executive Assistant
R. E. DAVIES, Assistant to Trustees
J. L. HETLAND, Counsel for Trustees

E. A. WHITMAN	Chief Operating Officer	Minneapolis
E. G. CLARK	General Traffic Manager	"
J. B. DONNELLY	Comptroller	"
C. H. BENDER	Treasurer	"
T. Z. KRUMM	Chief Engineer	"
W. G. MILLER	Asst. to Chief Operating Officer	"
C. L. SIMPSON	General Superintendent	"
B. N. LEWIS	Mechanical Superintendent	"
T. J. RUTH	Purchasing Agent	"
R. S. CLAAR	Real Estate & Land Commissioner	"
R. N. GOLDEN	Asst. General Traffic Manager	"
E. F. RICE	Freight Traffic Manager	"
C. V. GALLAGHER	Asst. Freight Traffic Manager	Chicago
G. M. THOMPSON	" " " "	Neenah
A. T. ERICKSON	General Passenger Agent	Minneapolis
H. A. THOMSON	Tax Commissioner	"
J. C. PETERSON	Assistant Comptroller	"
J. E. OLSON	Assistant Treasurer	"

BOARD OF DIRECTORS

E. L. CARPENTER	Minneapolis	*C. T. JAFFRAY	Minneapolis
E. G. CLARK	"	*C. S. LANGDON	"
D. C. COLEMAN	Montreal	H. S. MITCHELL	"
E. W. DECKER	Minneapolis	*J. S. PILLSBURY	"
H. C. GROUT	Winnipeg	F. J. SENSENBRENNER	Neenah
*F. T. HEFFELFINGER	Minneapolis	L. B. UNWIN	Montreal
J. L. HETLAND	"	L. E. WAKEFIELD	Minneapolis

*G. W. WEBSTER... Minneapolis

* Member of Executive Committee

CORPORATE OFFICERS

C. T. JAFFRAY	Chairman of the Company	Minneapolis
G. W. WEBSTER	President	"
P. J. STOCK	Secretary	"
C. H. BENDER	Treasurer	"
J. E. OLSON	Asst. Sec'y and Asst. Treasurer	"

Transfer Agents: Common and Preferred Stock
BANK OF MONTREAL TRUST CO.
64 Wall Street, New York

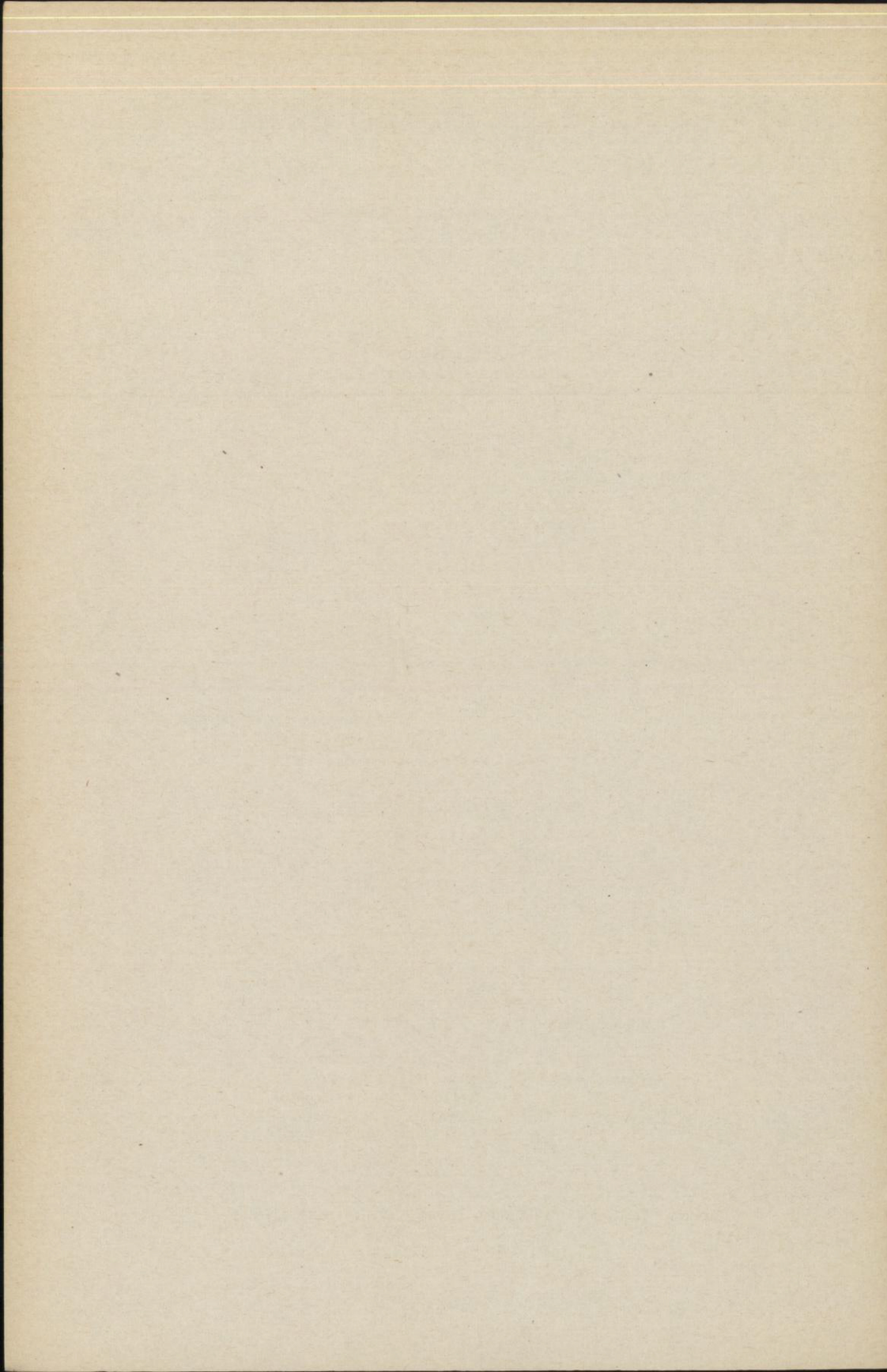
Transfer Agents: Bonds and Leased Line Certificates
AGENTS, BANK OF MONTREAL
64 Wall Street, New York

Registrar of Stocks: CENTRAL HANOVER BANK
& TRUST Co., New York

Registrar of Bonds: AGENTS, BANK OF MONTREAL
64 Wall Street, New York

Annual Meeting Third Tuesday in May, at Minneapolis, Minn.





In The
DISTRICT COURT OF THE UNITED STATES
FOR THE DISTRICT OF MINNESOTA
Fourth Division

In Proceedings for the Reorganization of a Railroad

<p>In the Matter of MINNEAPOLIS, ST. PAUL & SAULT STE. MARIE RAILWAY COMPANY, <i>Debtor.</i></p>	}	No. 13816
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Trustees' Annual Report

*To the Honorable Judges of the District Court of the United States,
for the District of Minnesota, Fourth Division:*

Submitted herewith is a report for the fiscal year ended
December 31, 1943.

The following condensed statement shows the results of
the operations for the year 1943 as compared with 1942:

	Year 1943	Year 1942
Railway Operating Revenues.....	\$26,444,158.13	\$22,718,021.99
Railway Operating Expenses.....	19,628,106.66	17,076,896.06
Net Revenue from Railway Operations....	\$ 6,816,051.47	\$ 5,641,125.93
Net Equip., Jt. Facil. Rents and Taxes—Dr.....	1,674,958.64	1,656,691.76
Net Railway Operating Income.....	\$ 5,141,092.83	\$ 3,984,434.17
Other Income—Net.....	105,425.63	13,245.70
Income before fixed charges	\$ 5,246,518.46	\$ 3,971,188.47
Rent for Leased Roads, Interest on Equipment Obligations and Miscellaneous Accounts, being paid by Trustees.....	45,664.26	60,071.95
Balance.....	*\$ 5,200,854.20	*\$ 3,911,116.52

*After \$544,682.62 in 1943 and \$545,696.02 in 1942 charged to Operating Expenses for special amortization of equipment in excess of regular depreciation charges, authorized by a Defense Certificate of the War Department.

In addition to the fixed charges being paid by the Trustees, interest was accrued on the books of the Company on its Bonds, Notes, Advances, etc., amounting to \$6,541,406.71 in 1943, as compared with \$6,544,711.53 for the preceding year.

6 MINNEAPOLIS, ST. PAUL & SAULT STE. MARIE RAILWAY COMPANY

Railway Operating Revenues	Year 1943	Year 1942	Increase	
			Amount	Per Cent
Freight Revenue.....	\$22,935,576	\$20,177,264	\$2,758,312	13.67
Passenger Revenue.....	1,761,256	1,031,452	729,804	70.76
All Other Revenues.....	1,747,326	1,509,306	238,020	15.77
Total Ry. Operating Revenues..	\$26,444,158	\$22,718,022	\$3,726,136	16.40

A comparative statement of freight revenues and cars handled follows:

(ooo omitted from revenues)					
Products of Agriculture:					
Cars	1943	1942	1941	1940	1939
	62,692	43,489	41,761	36,649	29,633
Revenue	\$10,140	\$6,781	\$5,971	\$4,724	\$3,560
Animals and Products:					
Cars	10,146	11,503	10,998	9,768	9,734
Revenue	\$ 766	\$ 779	\$ 708	\$ 670	\$ 697
Products of Mines:					
Cars	87,671	85,956	71,773	61,983	53,834
Revenue	\$3,918	\$3,585	\$2,918	\$2,519	\$2,255
Products of Forests:					
Cars	45,091	56,295	49,589	38,250	32,482
Revenue	\$2,202	\$2,503	\$2,074	\$1,779	\$1,653
Manufactures and Miscellaneous:					
Cars	57,448	67,553	67,655	58,415	51,882
Revenue	\$5,075	\$5,732	\$5,162	\$4,738	\$4,244
Less than Carload Freight:					
Tons	100,068	91,667	107,964	92,261	101,519
Revenue	\$ 835	\$ 797	\$ 830	\$ 779	\$ 845
Grand Total:					
Cars	263,048	264,796	241,776	205,065	177,565
Revenue	\$22,936	\$20,177	\$17,663	\$15,209	\$13,254

Freight Revenues in detail for the year 1943 as compared with the year 1942 were as follows:

		Increase or Decrease	
		Amount	Per Cent
Products of Agriculture:			
1943	1942		
Wheat	\$ 5,417,192	\$ 3,927,464	\$1,489,728 37.93
Corn	46,031	101,879	55,848 54.82
Oats	1,181,375	494,971	686,404 138.68
Barley and rye.....	1,858,545	1,056,656	801,889 75.89
Flax seed	623,671	507,861	115,810 22.80
Hay and alfalfa.....	48,186	34,779	13,407 38.55
Potatoes	165,901	118,765	47,136 39.69
All other	799,250	539,072	260,178 48.26
Total.....	\$10,140,151	\$ 6,781,447	\$3,358,704 49.53
Animals and Products:			
Cattle and calves....	\$ 205,301	\$ 293,213	\$ 87,912 29.98
Butter	115,073	122,401	7,328 5.99
All other	445,360	363,424	81,936 22.55
Total.....	\$ 765,734	\$ 779,038	\$ 13,304 1.71
Products of Mines:			
Bituminous coal	\$ 1,172,636	\$ 917,685	\$ 254,951 27.78
Lignite coal	638,173	630,343	7,830 1.24
Iron ore	1,325,500	1,296,636	28,864 2.23
All other	781,980	740,609	41,371 5.59
Total.....	\$ 3,918,289	\$ 3,585,273	\$ 333,016 9.29
Products of Forests:			
Posts, poles and piling..	\$ 111,598	\$ 150,323	\$ 38,725 25.76
Pulpwood	563,495	688,546	125,051 18.16
Lumber, shingles, lath..	1,222,884	1,411,988	189,104 13.39
All other	304,227	251,632	52,595 20.90
Total.....	\$ 2,202,204	\$ 2,502,489	\$ 300,285 12.00
Manufactures and Miscellaneous:			
Petroleum oils, refined, etc.	\$ 654,123	\$ 1,088,305	\$ 434,182 39.90
Fuel and road oils, etc.	142,612	222,173	79,561 35.81
Iron, steel (5th class) ..	213,903	385,241	171,338 44.48
Cement, building	94,574	189,313	94,739 50.04
Agricultural implements and parts	61,603	116,221	54,618 46.99
Tractors and parts....	122,020	149,740	27,720 18.51
Automobiles, passenger	20,070	7,482	12,588 168.24
Newsprint paper	582,435	530,299	52,136 9.33
All other	3,183,595	3,043,476	140,119 4.60
Total.....	\$ 5,074,935	\$ 5,732,250	\$ 657,315 11.47
Less-than-carload Freight..	\$ 834,263	\$ 796,767	\$ 37,496 4.71
Total carload and L. C. L. Freight	\$22,935,576	\$20,177,264	\$2,758,312 13.67

Products of Agriculture: For the third successive year the western portion of our territory produced an excellent crop, the 1943 crop being one of the largest ever grown. It is estimated that the 1943 grain crop produced in Soo Line territory, west of Minneapolis and Duluth, amounted to approximately 67,000,000 bushels, of which 38,110,000 bushels moved to market between August 1 and December 31, 1943, the balance remaining in elevators and on farms along the line.

Revenue from the movement of grain during the entire year 1943 amounted to \$9,126,814 as compared to \$6,088,831 in 1942, an increase of \$3,037,983, or 49.89%. Revenues from other products of agriculture amounted to \$1,013,337 in 1943 as compared to \$692,616 in 1942, an increase of 46.31%.

Agricultural development work and educational activities were continued in cooperation with various state and federal organizations.

The table below shows the total movement of grain in bushels over the Soo Line, beginning in 1924; separated between that originated on line and received from connections in the grain territory, and other movements consisting chiefly of transfers of grain between Minneapolis and the Head of the Lakes.

(000 omitted from bushels)							
	Originated on Line			Received from		Other	
	Jan. 1 to July 31	Aug. 1 to Dec. 31	Total	Connections	Total	Movements	Total
1924....	12,299	46,441	58,740	2,173	60,913	5,736	66,649
1925....	17,673	37,944	55,617	2,182	57,799	5,136	62,935
1926....	14,935	18,272	33,207	1,930	35,137	5,939	41,076
1927....	10,410	36,716	47,126	1,698	48,824	6,072	54,896
1928....	16,145	38,275	54,420	1,774	56,194	8,950	65,144
1929....	16,625	20,725	37,350	1,297	38,647	7,168	45,815
1930....	11,087	26,625	37,712	1,407	39,119	4,689	43,808
1931....	13,652	7,801	21,453	730	22,183	3,185	25,368
1932....	3,705	13,207	16,912	747	17,659	2,720	20,379
1933....	10,558	10,021	20,579	645	21,224	3,409	24,633
1934....	6,394	4,954	11,348	1,996	13,344	5,534	18,878
1935....	3,105	14,046	17,151	927	18,078	4,201	22,279
1936....	6,379	3,517	9,896	1,112	11,008	3,871	14,879
1937....	2,147	12,427	14,574	587	15,161	3,706	18,867
1938....	4,859	15,058	19,917	916	20,833	4,719	25,552
1939....	7,941	17,625	25,566	1,594	27,160	3,104	30,264
1940....	10,886	18,766	29,652	7,831	37,483	2,447	39,930
1941....	13,549	26,165	39,714	3,433	43,147	5,127	48,274
1942....	16,941	29,854	46,795	1,642	48,437	4,073	52,510
1943....	26,953	38,110	65,063	14,228	79,291	10,136	89,427

Animals and Products: This class of traffic shows a decrease of \$13,304, or 1.71%, in revenues as compared with the previous year. Restrictions on cattle shipments from Canada and a decline in butter shipments caused by a greater conversion of whole milk into canned and powdered milk were the principal contributing factors.

Products of Mines: There was an increase in revenues of \$333,016 as compared with the previous year. This was largely due to increased shipments of coal. Total iron ore tonnage moving via the Soo Line amounted to 1,728,866 long tons in 1943 as compared with 1,723,396 long tons in 1942. Our tonnage from the Cuyuna Range to the Superior ore dock amounted to 1,128,784 long tons compared with 1,125,757 long tons in 1942. In addition, 276,864 long tons were forwarded from the Cuyuna Range to the Head of the Lakes and delivered to other railroads. Due to war conditions, 125,584 long tons moved all rail from the Cuyuna Range to St. Louis. The remaining tonnage involved interchange and switch movements to and from connecting railroads.

Products of Forests: Revenues from this class of traffic decreased \$300,285, or 12%, as compared with the previous year. This was caused principally by quota restrictions imposed by the Canadian Government on shipments of lumber into this country and severe labor shortages in lumber and pulpwood territories.

Manufactures and Miscellaneous: There was a decrease in revenues from commodities included in this group amounting to \$657,315, or 11.47%, as compared with the year 1942. There was sharp decline in shipments of petroleum products due to further gasoline rationing and conversions from oil to coal for heating in homes and factories. Decreases in shipments of other commodities were attributable to curtailment of government and other construction work.

Passenger Revenue was \$1,761,256, an increase of \$729,804 or 70.76%, as compared with the previous year. The number of revenue passengers carried showed an increase of 63.71%. This was due to further restrictions in the use of private automobiles and increased travel because of the war.

Railway Operating Revenues and Expenses for the year 1943 compared with the previous year were as follows:

	1943	1942	Increase	
			Amount	Per Cent
Railway Operating Revenues....	\$26,444,158	\$22,718,022	\$3,726,136	16.40
Railway Operating Expenses:				
Maintenance of Way and				
Structures	4,579,550	3,700,300	879,250	23.76
Maintenance of Equipment..	4,379,242	3,999,802	379,440	9.49
Traffic	478,570	456,788	21,782	4.77
Transportation	9,360,110	8,179,482	1,180,628	14.43
Miscellaneous	115,710	79,584	36,126	45.39
General	714,925	660,940	53,985	8.17
Total Operating Expenses...	\$19,628,107	\$17,076,896	\$2,551,211	14.94
Operating Ratio	74.22%	75.17%		
Net Revenue from Railway				
Operations	\$ 6,816,051	\$ 5,641,126	\$ 1,174,925	20.83

Maintenance of Way and Structures Expense increased \$879,250, or 23.76%, which was due principally to increased rates of pay, charges for depreciation on roadway property and in the removal of snow and ice during the early part of the year.

Effective January 1, 1943, under an order of the Interstate Commerce Commission, monthly charges for depreciation of buildings and structures were included in Maintenance of Way Expenses in lieu of making charges for buildings and structures at the time of retirement. Depreciation charges on roadway property amounted to \$484,977 and were approximately \$404,315 in excess of the amount that would have been included in the accounts had the former method of accounting been in effect.

Maintenance of Equipment Expense increased \$379,440, or 9.49%, on account of increased rates of pay, a greater repair program and newly established depreciation charges on shop and power plant machinery. Locomotive miles increased 3.81%, and revenue freight and passenger car miles increased 7.90% and 4.17% respectively as compared with the previous year.

Transportation Expenses increased \$1,180,628, or 14.43%. The increased expense was due to a larger volume of traffic, increased rates of pay and higher material costs. The ratio of Transportation Expenses to Gross Revenue decreased from

36.00% in 1942 to 35.40% in 1943. There was an increase of 6.07% in freight train miles over the previous year. Gross tons per train increased from 1552 tons in 1942 to 1662 tons in 1943, or 7.09%. The average net tons per loaded freight car increased from 32.7 tons in 1942 to 35.9 tons in 1943, or 9.79%.

Hire of Equipment: Net credit for the year 1943 amounted to \$336,085 as compared to a net credit of \$99,064 for the previous year. There was a substantial increase in the net rental received from foreign lines, and a decrease in the amounts paid to private car companies for the use of their equipment.

Joint Facility Rents: Net charges for the year 1943 amounted to \$195,132 as compared to \$186,243 for the previous year, an increase of \$8,889.

Railway Tax Accruals for the year 1943 increased \$246,400, of which \$146,319 was attributable to Property and Gross Earnings Taxes, \$35,434 to Unemployment Taxes, and \$64,647 to Railroad Retirement Taxes. The Railroad Retirement Tax rate was increased from 3% to 3¼% effective January 1, 1943.

Property Investment: The investment in Road Account increased during the year a net amount of \$135,011, which represented \$399,713 expended for Additions and Betterments less credits of \$264,702 for Retirements. Of the amount expended \$250,009 was financed through the recovery of salvage from retirements charged to Profit and Loss, retirement losses charged to Operating Expenses and Depreciation Reserve, and Donations and Grants, leaving a balance of \$149,705 appropriated from net earnings. The program included the relay of 41.81 miles of track with new 90 pound rail, 11.78 miles with relay rail, and 3.99 miles with new 100 pound rail; the placing of additional tie plates; the construction of 4.38 miles of additional side and yard tracks at various points; the renewal and filling of bridges; improvement of and additions to shop and engine terminal facilities at Shoreham, Minn., and also at Gladstone, Mich., Thief River Falls, Minn., and Superior, Wis.; and the purchase of roadway machines. Retirements included 10.40 miles of side and yard tracks at various points; 3 water stations; 1 engine house; 6 depot buildings; 12 minor road and terminal structures; a parcel of land at Minneapolis, Minnesota; various bridges replaced or filled; and obsolete roadway machines.

The Equipment Investment Account shows a net decrease for the year of \$458,189 due to retirements aggregating \$583,596 which were offset in part by expenditures for Additions and Betterments in the amount of \$125,407. The Additions and Betterments include the construction of 4 locomotive tenders; the application of mechanical stokers to 7 locomotives and mechanical lubricators to 5 locomotives; the application of "AB" brake equipment to freight cars and the reinforcing of underframes; the conversion of 9 passenger train cars and 2 locomotive tenders to work equipment units; the acquisition of 2 units of work equipment; and the purchase of 2 units of miscellaneous equipment. The retirements include 6 locomotives, 156 freight train cars, 7 passenger train cars (including 4 solarium cars requisitioned by the government), 4 units of work equipment, and 2 units of miscellaneous equipment.

Funded and Unfunded Debt: During the year principal payments of \$703,994 were made on equipment purchase contracts, of which \$484,442 was appropriated from current cash and the balance from the proceeds obtained from the sale of 4 solarium cars to the government. The principal on notes to The Railroad Credit Corporation was reduced \$15,865 through dividends received on collateral securing the notes and distributions under the Marshalling and Distributing Plan.

Wage Increases: As stated in last year's report, the non-operating railroad employee organizations of the country served notice on September 25, 1942, under the provisions of the Railway Labor Act, making further demands including an increase in existing rates of pay of twenty cents per hour, with a minimum base rate of seventy cents per hour. On January 25, 1943 the train and yard service organizations served a similar notice requesting a thirty per cent increase in basic rates with a minimum increase of \$3.00 per day. The demands of both groups were referred to Federal Agencies for consideration.

On May 24, 1943 the Emergency Board appointed by the National Railway Panel to hear the non-operating employees' case made its report recommending a general increase of 8 cents per hour, which was accepted by the railways and the non-operating organizations. The award, however, failed to meet the approval of the Economic Stabilization Director who directed that the matter be reconsidered. A Special Emergency

Board appointed for this purpose recommended graduated increases from 4 cents to 10 cents per hour retroactive to February 1, 1943, which met with the approval of the Economic Stabilization Director but were unacceptable to the employees.

On September 25, 1943 the Emergency Board appointed by the National Railway Panel to hear the operating employees' case made its report recommending that an increase of 4 cents per hour effective April 1, 1943 be awarded to the operating group, which met with the approval of the Economic Stabilization Director but was not satisfactory to nor accepted by the employees affected.

To enforce their demands the several labor organizations called a strike to become effective December 30, 1943, which precipitated the President's Executive Order of December 27, 1943 taking over the railroads.

Before signing the Executive Order, the President awarded the train and yard service organizations, who had accepted his services as arbitrator, 5 cents per hour effective December 27, 1943 (in lieu of their claims for overtime for time in excess of 40 hours a week and expenses while away from home) in addition to confirming the 4 cents per hour awarded by the Emergency Board together with one week's vacation a year with pay at the basic hourly rate of employment. This award was accepted by all but three of the operating groups, who later reconsidered and accepted the award on terms similar to those awarded the trainmen and engineers. The strike order was then canceled.

No award had been made before the end of the year to the non-operating organizations, who declined to accept arbitration but who had held in abeyance their strike order. However, on January 17, 1944 an agreement was reached with the non-operating groups whereby they received graduated increases from 4 to 10 cents per hour from February 1, 1943 to December 26, 1943 inclusive and further adjustments from December 27, 1943 (in lieu of overtime in excess of 40 hours per week), which when added to the graduated scale will produce total increases of 9 to 11 cents per hour.

During the year 1943 payments aggregating \$114,935 were made to the operating employees as a result of the wage increase, and an accrual in the amount of \$770,965 was included

in the December 1943 accounts to cover the retroactive wage increase which was granted to the non-operating employees.

Upon settlement of these wage issues, the Secretary of War issued an appropriate order terminating government possession and control of the railroads effective midnight January 18, 1944. Proper agreements containing general releases of claims were executed on January 25, 1944 by the government and, pursuant to authority of the Court, by the Trustees and the Company.

It is estimated that the annual wage increase will amount to approximately \$1,315,000 during the year 1944.

Rate Increases: Increased freight rates on certain commodities which became effective March 18, 1942 were, by order of the Interstate Commerce Commission dated April 6, 1943, suspended from May 15, 1943 to January 1, 1944, and by order dated November 8, 1943 the suspension was further continued to July 1, 1944.

Wisconsin Central Railway Company: The Wisconsin Central properties are still in receivership and are operated by the Trustees of the Soo Line, with the approval of the Court, as Agents for the Receiver of the Wisconsin Central pursuant to an operating agreement. As indicated in the Notes to Balance Sheet, a revised Schedule of Bases for the Assignment of Revenues and Expenses between the two companies was authorized by the Court on April 15, 1944, to be effective as of July 1, 1943.

Soo Reorganization Proceeding: The reorganization proceeding for this Company is now nearing completion. As stated in last year's annual report, the plan of reorganization previously approved by the Interstate Commerce Commission was accepted by nearly 100% of those voting in each class to which it was required to be submitted.

On June 18, 1943 the United States District Court entered an order confirming the plan and making its provisions binding on all of the Company's creditors and stockholders. The order further required the Life Insurance Group and Mutual Savings Bank Group of bondholders and the Canadian Pacific Railway Company to file their designations of Reorganization Managers as provided in the plan.

An appeal was taken from the order confirming the plan, which, on motion of the Trustees and the Life Insurance and

Mutual Savings Bank Groups, was dismissed by the Circuit Court of Appeals for the Eighth Circuit on September 7, 1943.

Mr. Kenneth F. Burgess of Chicago, Illinois, was designated as a Reorganization Manager by the Life Insurance Group; Mr. Fred N. Oliver of New York City, by the Mutual Savings Bank Group; and Mr. Henry S. Mitchell of Minneapolis, Minnesota, by the Canadian Pacific Railway. They have been engaged in preparing the necessary documents and making other arrangements necessary to put the plan of reorganization into effect. Security holders entitled to participate under the plan will be notified when and where their securities should be deposited for exchange.

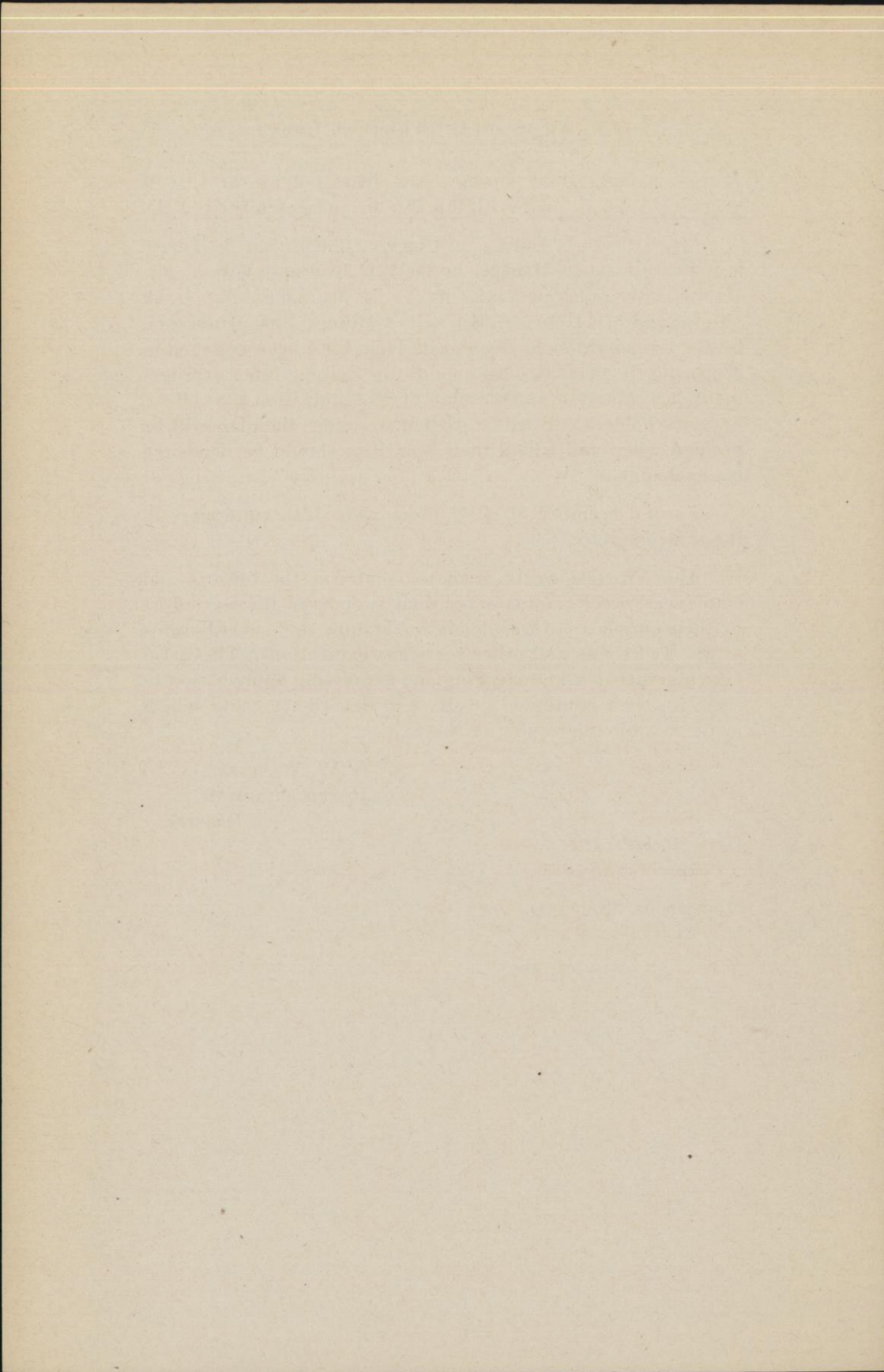
As of December 31, 1943 there were 1218 employees in the armed service.

The Trustees again wish to commend the officers and employees of the Company for their support of the war effort by their purchases of war bonds and stamps, and contributions to the Red Cross and other service organizations. They also take pleasure in acknowledging and expressing appreciation to them for their continued loyalty and devotion to duty which made possible the results for the year.

G. W. WEBSTER,
JOSEPH CHAPMAN,
Trustees.

JAMES L. HETLAND,
Counsel for Trustees.

Minneapolis, Minnesota.
May 11, 1944.



*To Messrs. G. W. Webster and Joseph Chapman, Trustees,
Minneapolis, St. Paul & Sault Ste. Marie Railway Company,
Minneapolis, Minnesota.*

We have examined the balance sheet of the Minneapolis, St. Paul & Sault Ste. Marie Railway Company as of December 31, 1943 and the statements of income and profit and loss for the year ended on that date, have reviewed the system of internal control and the accounting procedures of the company and, without making a detailed audit of the transactions, have examined or tested accounting records of the company and other supporting evidence, by methods and to the extent we deemed appropriate. Our examination was made in accordance with generally accepted auditing standards applicable in the circumstances and included all procedures which we considered necessary.

Effective January 1, 1943, the company provided for accrued depreciation of road in accordance with the requirements of the Interstate Commerce Commission.

In our opinion, the accompanying balance sheet and related statements of income and profit and loss, incorporating the transactions of the trustees and with notes thereon, present fairly the position of the Minneapolis, St. Paul & Sault Ste. Marie Railway Company at December 31, 1943 and the results of the operations for the year, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year, except for the change indicated in the preceding paragraph of which we approve.

PEAT, MARWICK, MITCHELL & CO.

New York, N. Y.,
April 18, 1944.

BALANCE SHEET
As of December 31, 1943
ASSET SIDE

	Trustees' Books	Corporate Books	Total
Property Investment:			
Road.....	\$ 360,180.44	\$ 104,659,105.87	\$ 105,019,286.31
Equipment.....	1,965,435.19	24,387,557.87	26,352,993.06
	\$ 2,325,615.63	\$ 129,046,663.74	\$ 131,372,279.37
Less: Donations and Grants.....	81,598.06	674,451.91	756,049.97
Total.....	\$ 2,244,017.57	\$ 128,372,211.83	\$ 130,616,229.40
Sinking and Other Reserve Funds:			
First Refunding Mortgage, Series "A".....		\$ 386.68	\$ 386.68
For Obligations under Plan of Reorganization.....	\$ 4,587,321.43		4,587,321.43
Total.....	\$ 4,587,321.43	\$ 386.68	\$ 4,587,708.11
Deposits in Lieu of Mortgaged Property Sold:			
Cash.....	\$ 2,075,036.86	\$ 34,045.56	\$ 2,109,082.42
Receiver, W. C. Ry. Co. Equipment Notes, Series "B".....		750,000.00	750,000.00
Total.....	\$ 2,075,036.86	\$ 784,045.56	\$ 2,859,082.42
Miscellaneous Physical Property.....	\$Cr. 169,326.68	\$ 546,250.83	\$ 376,924.15
Investments In and Advances to Affiliates:			
Wisconsin Central Railway Co.....		\$ 22,147,603.45	\$ 22,147,603.45
Other Railroad Companies.....	\$ 23,879.18	2,855,507.68	2,879,386.86
Miscellaneous Companies.....	73,733.38	3,588,680.17	3,662,413.55
Total (Per Schedule on Page 26).....	\$ 97,612.56	\$ 28,591,791.30	\$ 28,689,403.86
Other Investments:			
(Per Schedule on Page 26).....	\$ 7,077.69	\$ 606.00	\$ 7,683.69
Total Investments.....	\$ 8,841,739.43	\$ 158,295,292.20	\$ 167,137,031.63
Current Assets:			
Cash.....	\$ 8,374,595.01		\$ 8,374,595.01
Cash in transit.....	161,907.78		161,907.78
U. S. Treasury Certificates of Indebtedness.....	2,650,000.00		2,650,000.00
Special Deposits:			
Employees' Income Tax and War Bonds.....	169,821.27		169,821.27
Land Grant Claims.....	650,000.00		650,000.00
Other Special Deposits.....	27,921.48	\$ 17,274.64	45,196.12
Traffic and Car-Service Balances...	354,355.88	Cr. 5,728.04	348,627.84
Agents and Conductors Balances...	592,407.20		592,407.20
Miscellaneous Accounts Receivable...	1,139,092.48	246.68	1,139,339.16
Material and Supplies.....	3,253,624.23		3,253,624.23
Interest and Dividends Receivable...	6,759.34		6,759.34
Other Current Assets.....	39,576.33		39,576.33
Total.....	\$ 17,420,061.00	\$ 11,793.28	\$ 17,431,854.28
Deferred Assets:			
Working Fund Advances.....	\$ 13,691.41		\$ 13,691.41
Fiduciary Account for Land Grant Claims for Wisconsin Central Ry. Co.....	920,000.00		920,000.00
Other Deferred Assets.....	230,762.05	\$ 87,472.15	318,234.20
Total.....	\$ 1,164,453.46	\$ 87,472.15	\$ 1,251,925.61
Unadjusted Debits:			
Rents and Insurance Paid in Advance	\$ 26,272.74		\$ 26,272.74
Other Unadjusted Debits.....	997,898.97	6,252.49	1,004,151.46
Total.....	\$ 1,024,171.71	\$ 6,252.49	\$ 1,030,424.20
GRAND TOTAL.....	\$ 28,450,425.60	\$ 158,400,810.12	\$ 186,851,235.72

For details of the net investment in property and the total investment in securities and advances see page 23.

BALANCE SHEET
As of December 31, 1943
LIABILITY SIDE

	Trustees' Books	Corporate Books	Total
Capital Stock:			
Common.....		\$ 25,206,800.00	\$*25,206,800.00
Preferred.....		12,603,400.00	*12,603,400.00
Total.....		\$ 37,810,200.00	\$ 37,810,200.00
Bonds, Notes, Etc. and Interest Thereon:			
First Consolidated Mortgage.....		\$ 90,592,670.00	\$ 90,592,670.00
Second Mortgage.....		4,413,760.00	4,413,760.00
First Refunding Mortgage.....		19,394,807.50	19,394,807.50
Reconstruction Finance Corp. Notes.....		7,707,846.50	7,707,846.50
Railroad Credit Corp. Notes.....		1,511,366.69	1,511,366.69
Two Year Secured Notes.....		6,899,908.26	6,899,908.26
Twenty-five Year Secured Gold Notes.....		3,296,888.00	3,296,888.00
Interest Guaranteed on W. C. Ry. Co. Bonds.....		1,474,920.00	*1,474,920.00
Canadian Pacific Ry. Co. Advances (Includes \$36,444,462.27 payable in Canadian Funds, stated at par)		36,805,493.52	*36,805,493.52
Western Express Co. Advances.....		10,000.00	*10,000.00
Total (Per Schedule on Page 27).....		\$ 171,107,660.47	\$ 171,107,660.47
Equipment Obligations and Interest:			
Pullman, Equipment Purchase Contracts.....	\$ 1,696,374.70		\$ 1,696,374.70
Electro-Motive Corp., Equipment Purchase Contract.....	71,273.60		71,273.60
Total (Per Schedule on Page 27).....	\$ 1,767,648.30		\$ 1,767,648.30
Current Liabilities:			
Audited Accounts and Wages Payable.....	\$ 2,791,396.52	\$ 37.04	\$ 2,791,433.56
Miscellaneous Accounts Payable.....	174,239.27	15.40	174,254.67
Unmatured Rents Accrued.....	4,887.41		4,887.41
Receiver of Wisconsin Central Ry. Co. Provision for Taxes.....	614,181.85	Dr. 1,985.91	612,195.94
Other Current Liabilities.....	1,139,150.27		1,139,150.27
	1,024,275.87		1,024,275.87
Total.....	\$ 5,748,131.19	\$Dr. 1,933.47	\$ 5,746,197.72
Deferred Liabilities:			
Other Deferred Liabilities.....	\$ 168,800.05	\$ 16,163.16	\$ 184,963.21
Unadjusted Credits:			
Accounts between Corporation and Trustees—Net.....	\$ 575,601.63	\$Dr. 575,601.63	
Accrued Depreciation and Amortiza- tion—Road and Equipment.....	4,221,042.22	13,967,183.06	18,188,225.28
Other Unadjusted Credits.....	2,322,400.32	42,665.60	2,365,065.92
Total.....	\$ 7,119,044.17	\$ 13,434,247.03	\$ 20,553,291.20
Surplus or Deficit (See Page 29).....	\$ Cr.13,646,801.89	\$ Dr.63,965,527.07	\$ Dr.50,318,725.18
GRAND TOTAL.....	\$ 28,450,425.60	\$ 158,400,810.12	\$ 186,851,235.72

*These liabilities are not accorded any participation in the Plan of Reorganization.

See Pages 21 to 25 incl. for Notes to Balance Sheet and Contingent and Joint Liabilities.

NOTES TO BALANCE SHEET AS OF DECEMBER 31, 1943

General

The accounts of the Company are maintained in accordance with the regulations prescribed by the Interstate Commerce Commission. It has been the practice of the Company to follow closely the I.C.C. form in presenting the balance sheet, but in the accompanying statement the assets and liabilities have been grouped to meet the changed conditions, including the reorganization proceedings.

The following items on the books of the Company have been excluded from the accompanying balance sheet; namely: Wisconsin Central Railway Company Preferred Stock carried as an asset in the amount of \$10,269,000.00, and Minneapolis, St. Paul & Sault Ste. Marie Railway Company (Soo Line) 4% Leased Line Certificates carried as a liability in the amount of \$10,269,000.00 and also accruals for semi-annual installments on the Leased Line Certificates carried as a liability in the amount of \$4,926,113.15, liability being denied for the reasons set forth under Contingent and Joint Liabilities; Canadian Exchange on Canadian Pacific Railway Company Advances, carried as an asset in the amount of \$709,230.65 under Other Unadjusted Debits, was written off to Profit and Loss in 1938 as having no value in view of reorganization proceedings, but reinstated in the accounts during the year 1940 on instructions of the Interstate Commerce Commission.

The investments of the Company in Road, Equipment and Securities, together with advances to affiliates, are stated in the balance sheet at the values at which they are carried on the books (at or below cost); no provision has been made as of December 31, 1943 for reduction of the book values which will result from the reorganization of the Soo Line, as such final values cannot be determined until the accounting entries opening the books of the reorganized company have been approved by the Interstate Commerce Commission. Certain of the securities on the Corporate Books will be distributed under the Plan of Reorganization and some of the other securities and advances to affiliates on the Corporate Books may be written down to a nominal value. The advances by the Company to the Central Terminal Railway are specifically subordinated to the rights of holders of outstanding Central Terminal First Mortgage Bonds and to the rights of the holders of the notes issued to Reconstruction Finance Corporation which are secured in part by Central Terminal Railway Capital Stock.

No attempt has been made to indicate specific lien rights on the assets of the Company in the accompanying statement.

The Company's equity in the equipment under the Equipment Purchase Contracts is contingent upon payments as follows:

	Date of Maturity	Installments Including Interest		Unpaid Balance	Depreciated or Amortized Book Value
		Due	Amount		
Electro-Motive Corp.—					
3 Diesel Sw. Locomotives...	9- 5-45	Monthly	\$3,507.47	\$ 71,273.60	\$ 184,566.92
Pullman Std. Car Mfg.—					
249 Freight Cars.....	1-10-48	Monthly	7,604.17	351,334.39	280,511.63
Pullman Std. Car Mfg.—					
499 Freight Cars.....	6- 1-48	Quarterly	45,625.00	772,739.26	580,325.42
Pullman Std. Car Mfg.—					
100 Freight Cars.....	12- 1-47	Monthly	3,041.67	139,916.05	136,750.47
Pullman Std. Car Mfg.—					
250 Freight Cars.....	12- 1-48	Monthly	7,604.17	432,385.00	496,656.67
Total.....				\$1,767,648.30	\$1,678,811.11

Material and Supplies are stated on the basis of physical inventories taken as of September 30, 1943 under the direction of officers for the Trustees and adjusted for transactions to December 31, 1943. The basis of valuation is cost.

On April 15, 1944 the Court authorized the adoption of a revised Schedule of Bases for the assignment of Operating Revenues, Operating Expenses, Railway Tax Accruals and Equipment and Joint Facility Rents between the Receiver of the Wisconsin Central Railway Company and the Trustees of this Company, to be effective as of July 1, 1943, in lieu of and in substitution for the existing bases. The revised schedule provides a basis more favorable to the Soo Line, but the adjustments applicable to the period July 1, 1943 to December 31, 1943 have not yet been determined.

The Trustees have set aside funds in the amount of \$4,587,321.43 for the payment of interest, capital fund and sinking fund installments required under the proposed new First Mortgage and General Mortgage, and for the redemption of the notes issued to The Railroad Credit Corporation as provided for in the Plan of Reorganization.

A reserve has been provided under other unadjusted credits in the amount of \$650,000 against possible liability for refunds to the U. S. Government for material transported for various agencies thereof. This amount represents the estimated difference between charges assessed at tariff rates and the charges which might eventually be assessed on the basis of land grant rates. A further reserve has been provided and a special fiduciary account established in the amount of \$920,000 against possible liability of the Soo Line for similar land grant claims which might arise out of the operations of the Wisconsin Central. Special funds to cover these anticipated land grant claims have been set aside from the current revenues of the Soo Line and Wisconsin Central, respectively, as shown on the accompanying balance sheet.

The net investment in property appearing in the accompanying balance sheet is made up as follows:

Road	\$105,019,286.31
Equipment	26,352,993.06
Miscellaneous Physical Property	376,924.15
TOTAL	\$131,749,203.52
Deduct: Donations and Grants	756,049.97
Accrued Depreciation and Amortization— Road and Equipment	18,188,225.28
NET INVESTMENT IN PROPERTY	\$112,804,928.27

The total investments in securities and advances appearing in the accompanying balance sheet consists of the following:

Sinking Fund for First Refunding Mortgage Series "A"	\$ 386.68
Deposits in lieu of Mortgaged Property Sold	2,859,082.42
Investments in and Advances to Affiliates	28,689,403.86
Other Investments	7,683.69
TOTAL	\$ 31,556,556.65

CONTINGENT AND JOINT LIABILITIES

Description	Rate	Date of Maturity
St. Paul Union Depot Company First and Refunding Mortgage Bonds Series "B"	3½%	10-1-71

Principal and interest on \$14,737,000 outstanding in the hands of the public is guaranteed jointly and severally by the Soo Line and seven other owner railroads. Interest has been paid by the St. Paul Union Depot Company as it matured.

St. Paul Union Depot Company Guaranteed Notes of 1941	1%	Serially to 10-1-44
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Principal and interest on \$300,000 outstanding in the hands of the Public is guaranteed jointly and severally by the Soo Line and seven other owner railroads. Principal and interest has been paid by the St. Paul Union Depot Company as it matured.

Minneapolis, St. Paul & Sault Ste. Marie Railway

Company Leased Line Certificates	4%	4-1-2008
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There are outstanding Minneapolis, St. Paul & Sault Ste. Marie Railway Company (Soo Line) Leased Line Certificates for 102,690 shares of Wisconsin Central Railway Company Preferred Stock deposited by the owners with the Agents, Bank of Montreal, as Trustee. These Certificates were issued pursuant to a "Preferred Stock Exchange Agreement" dated April 1, 1909, which provides for the payment by the Soo Line of \$4.00 per share per annum, in semi-annual installments, until and including April 1, 2008; and that the Soo Line shall have the right to vote such stock and enjoy all the rights and benefits of a holder thereof, until the year 2008, so long as it made such semi-annual pay-

ments. The Certificates provide that, upon sixty days default in any such payments, the owners of these Certificates have the right to an immediate transfer to them of the Wisconsin Central Preferred Stock for which they were issued. The holders of Certificates for 9,874 shares of Preferred Stock have had the stock transferred to them and such Certificates are endorsed with the legend "Cancelled, but without prejudice to any right of action for the enforcement of the provisions hereof and of said agreement."

Pursuant to a ruling rendered in 1913 by the Chief Examiner of Accounts of the Interstate Commerce Commission, the Company has carried on its books as an asset the Wisconsin Central Preferred Stock deposited in exchange for the Certificates and as a liability the Leased Line Certificates issued in exchange for such stock. The Leased Line Certificates did not obligate the Soo Line to the payment of any principal amount, but merely to make the semi-annual payments of \$2.00 per share. The Soo Line contends that the intent of the Preferred Stock Exchange Agreement and the Leased Line Certificates was that the Company should make payments thereon only while holding the Wisconsin Central property under the lease of April 1, 1909; that inasmuch as this lease was terminated upon the Company's surrender of the Wisconsin Central properties to the Receiver of those properties appointed by the Federal Court on December 2, 1932, the Company was thus relieved from the obligation of making any subsequent payments on the Leased Line Certificates. No provision is made in the Plan of Reorganization approved by Division 4 of the Interstate Commerce Commission June 17, 1942 and by the Court, November 13, 1942, for claims arising from the issue of Leased Line Certificates, other than the return of Wisconsin Central Preferred Stock.

Description	Rate	Date of Maturity
Wisconsin Central Railway Company:		
First and Refunding Mortgage Bonds.....	4%	4-1-59

Interest was guaranteed by the Soo Line on \$5,816,000 principal amount outstanding in the hands of the public. Interest was paid by the Soo Line pursuant to this guarantee from April 1, 1933, to October 1, 1937, inclusive. Interest accruing thereafter from October 1, 1937, to December 31, 1943, including unrepresented coupons amounts to \$1,474,920.00. Claims for interest were filed by certain holders of these bonds in the reorganization proceeding, but the court has classified the claims as general unsecured claims not entitled to preference and no provision for payment of these claims is made in the Plan.

Wisconsin Central Railway Company:		
First and Refunding Mortgage Bonds.....	5%	4-1-59

Interest was joint and several liability of the Wisconsin Central and Soo Line on \$10,051,000 principal amount issued. Of this amount \$10,000,000 principal amount is owned by the Soo Line and deposited as collateral under its First Refunding Mortgage. The balance

(\$51,000.00 principal amount) is held in the Wisconsin Central treasury.

Claim of Wisconsin Central Railway Company.

As indicated in previous annual reports, a claim arising out of the operation of the Wisconsin Central property under the lease of April 1, 1909, was filed in the reorganization proceedings by the Receiver of that property. The claim consisted of several items aggregating \$16,307,581.24, plus interest. This claim has, after litigation, been classified by the Court as a general unsecured claim, and, as previously stated, the Plan of Reorganization makes no provision for such claims.

Description	Rate	Date of Maturity
Central Terminal Railway Company:		
First Mortgage Bonds.....	4%	11-1-53

The Soo Line and the Central Terminal Railway Company were joint and several makers of these bonds, of which there are now \$860,000 principal amount outstanding in the hands of the public. While originally due November 1, 1941, the maturity date has been extended to November 1, 1953, by agreement between the Central Terminal Railway and the bondholders. The Soo Line was not a party to the Extension Agreement and its Plan of Reorganization provides that this obligation shall not be assumed by the reorganized company. Interest and sinking fund requirements have been paid as they matured by the Central Terminal Railway Company.

Claims Filed in Reorganization Proceedings.

A contingent liability exists in respect to numerous claims, which have been filed in the reorganization proceedings. Such claims, with a few minor exceptions, have been classified as general unsecured claims for which the Plan makes no provision.

INVESTMENTS IN AND ADVANCES TO AFFILIATES

DESCRIPTION	STOCKS			BONDS AND NOTES		Advances Book Value	Total Book Value
	Par Value	Book Value	Book Value	Par Value	Book Value		
WISCONSIN CENTRAL RAILWAY COMPANY							
Common Stock.....	\$ 5,642,000.00	\$ 2,439,641.34					\$ 2,439,641.34
(Deposited as collateral security for M. St. P. & S. M. Ry. Co.'s 25 Year 5½% Gold Notes)							
Common Stock—Held by Company.....	10,358,500.00	4,629,541.13					4,629,541.13
First & Refunding Mortgage 5% Bonds.....			\$ 8,000,000.00	\$ 10,000,000.00			8,000,000.00
(Deposited as collateral security for M. St. P. & S. M. Ry. Co.'s First Refunding Mortgage)							
Advances Prior to Receivership.....						\$ 7,078,420.98	\$ 7,078,420.98
(Includes \$492,570.87 for W. C. Ry. Co. proportion of loans from Railroad Credit Corporation)							
Total—Wisconsin Central Railway Company.....	\$ 16,000,500.00	\$ 7,069,182.47	\$ 8,000,000.00	\$ 10,000,000.00		\$ 7,078,420.98	\$ 22,147,603.45
OTHER RAILROAD COMPANIES							
Central Terminal Railway Company.....	\$ 2,000,000.00	\$* 2,000,000.00				\$ 352,508.00	\$ 2,352,508.00
Belt Railway Company of Chicago.....	240,000.00	** 240,000.00				240,000.00	240,000.00
Minnesota Transfer Railway Company.....	91,300.00	91,300.00				27,689.22	118,989.22
Saint Paul Union Depot Company.....	103,600.00	103,600.00					103,600.00
Sainte Marie Union Depot Company.....	37,500.00	** 37,500.00				26,789.64	64,289.64
Total—Other Railroad Companies.....	\$ 2,472,400.00	\$ 2,472,400.00				\$ 406,986.86	\$ 2,879,386.86
MISCELLANEOUS COMPANIES							
Western Express Company.....	\$ 50,000.00	** 50,000.00					\$ 50,000.00
Tri-State Land Company.....	2,500,000.00	** 2,500,000.00				433,629.75	2,933,629.75
Sault Ste. Marie Bridge Company.....	250,000.00	** 500.00				2,721.40	2,921.40
Railway Express Agency, Inc.....	No Par	600.00				126,246.00	126,246.00
Provident Properties Company.....	10,000.00	* 500,500.00	\$ 12,771.41	\$ 12,771.41	** 12,771.41	9,222.65	522,204.06
The Railroad Credit Corporation.....						26,222.34	26,222.34
Total—Miscellaneous Companies.....	\$ 2,810,000.00	\$ 3,051,600.00	\$ 12,771.41	\$ 12,771.41		\$ 598,042.14	\$ 3,662,413.55

OTHER INVESTMENTS

DESCRIPTION	STOCKS		BONDS AND NOTES		Miscellaneous Book Value	Total Book Value
	Par Value	Book Value	Par Value	Book Value		
Clarkson Coal Mining Company Note.....						
Miscellaneous.....			\$ 182,014.56	\$ 606.00		\$ 606.00
Total—Other Investments.....			\$ 182,014.56	\$ 606.00	\$ 7,077.69	\$ 7,683.69

*Deposited as collateral security for Notes issued to R. F. C. \$6,162,245.50 principal outstanding.

**Deposited as collateral security for Notes issued to R. R. C. \$511,142.63 principal outstanding.

BONDS, NOTES, ETC., AND INTEREST THEREON

DESCRIPTION	Rate	Date of Maturity	PRINCIPAL				Interest (See Note 1)	Total
			Outstanding	Held by Company	In Hands of Public			
First Consolidated Mortgage (See Notes 1 & 2).....	4%	7-1-38	\$56,863,000.00	.....	\$56,863,000.00	*\$14,798,370.00	\$71,661,370.00	
First Consolidated Mortgage (See Notes 1 & 2).....	5%	7-1-38	8,136,000.00	.....	8,136,000.00	*2,647,750.00	10,783,750.00	
First Consolidated Mortgage (See Notes 1 & 2).....	5%	7-1-38	6,148,000.00	.....	6,148,000.00	1,999,550.00	8,147,550.00	
Total.....			\$71,147,000.00	.....	\$71,147,000.00	\$19,445,670.00	\$90,592,670.00	
Second Mortgage (See Note 2).....	4%	1-1-49	\$3,500,000.00	.....	\$3,500,000.00	**913,760.00	\$4,413,760.00	
First Refunding Mortgage, Series "A".....	6%	7-1-46	\$2,124,000.00	.....	\$2,124,000.00	\$834,630.00	\$2,958,630.00	
First Refunding Mortgage, Series "B" (See Notes 2 & 4).....	5½%	7-1-78	\$24,606,000.00	\$12,500,000.00	\$12,106,000.00	**4,330,177.50	\$16,436,177.50	
Total.....			\$26,730,000.00	\$12,500,000.00	\$14,230,000.00	\$5,164,807.50	\$19,394,807.50	
Reconstruction Finance Corporation Note (See Notes 3 & 4)	4%	2-27-37	\$1,162,245.50	.....	\$1,162,245.50	\$289,095.17	\$1,451,270.67	
Reconstruction Finance Corporation Note (See Notes 3 & 4)	4%	2-1-38	\$5,000,000.00	.....	\$5,000,000.00	1,266,575.83	\$6,266,575.83	
Total.....			\$6,162,245.50	.....	\$6,162,245.50	\$1,545,601.00	\$7,707,846.50	
Railroad Credit Corporation Note.....	4%	2-27-36	\$107,645.67	.....	\$107,645.67	\$7.19	\$107,692.86	
Railroad Credit Corporation Note.....	4%	4-23-36	180,000.00	.....	180,000.00	78.91	180,078.91	
Railroad Credit Corporation Note.....	4%	6-27-36	223,496.96	.....	223,496.96	97.96	223,594.92	
Total.....			\$511,142.63	.....	\$511,142.63	\$224.06	\$511,366.69	
Two Year Secured Notes (See Note 4).....	6%	2-1-38	\$5,000,000.00	.....	\$5,000,000.00	\$1,899,908.26	\$6,899,908.26	
Twenty-five Year Secured Gold Notes.....	5½%	3-1-49	\$2,440,165.00	\$1,365.00	\$2,438,800.00	\$858,088.00	\$3,296,888.00	
Interest guaranteed on W. C. Ry. Co. Bonds.....	4%	4-1-59	.....	.....	.....	\$1,474,920.00	\$1,474,920.00	
Canadian Pacific Ry. Co. Advances.....	4½, 5 & 6%	None	\$25,044,406.09	.....	\$25,044,406.09	\$11,761,087.43	\$36,805,493.52	
(Includes \$36,444,462.27 payable in Canadian Funds stated at par)			.....	.....	.....	.....	.....
Western Express Co. Advance.....	None	None	\$10,000.00	.....	\$10,000.00	.....	\$10,000.00	
Total—Bonds, Notes, Etc. & Interest Thereon.....			\$140,544,959.22	\$12,501,365.00	\$128,043,594.22	\$43,064,066.25	\$171,107,660.47	

EQUIPMENT OBLIGATIONS AND INTEREST

DESCRIPTION	Rate	Date of Maturity	PRINCIPAL				Interest	Total
			Outstanding	Held by Company	In Hands of Public			
EQUIPMENT CONTRACTS								
Electro-Motive Corp.....	2%	9-5-45	\$71,147.49	.....	\$71,147.49	\$126.11	\$71,273.60	
Pullman Standard Car Manufacturing Co.....	2%	1-10-48	350,917.23	.....	350,917.23	417.16	351,334.39	
Pullman Standard Car Manufacturing Co.....	2%	6-1-48	771,421.62	.....	771,421.62	1,317.64	772,739.26	
Pullman Standard Car Manufacturing Co.....	2%	12-1-47	139,683.24	.....	139,683.24	232.81	139,916.05	
Pullman Standard Car Manufacturing Co.....	2%	12-1-48	431,665.56	.....	431,665.56	719.44	432,385.00	
Total.....			\$1,764,835.14	.....	\$1,764,835.14	\$2,813.16	\$1,767,648.30	

Note 1—While interest since maturity has been accrued on the books at the rate of 4% per annum on \$56,863,000 par value, and at the rate of 5% on the remaining \$14,284,000, the mortgage rate of 5% has been used in the treatment accorded all of these bonds in the Plan.

Note 2—Provision has been made by the Canadian Pacific Ry. Co. under its guaranty for interest up to July 1, 1938 included in the amounts indicated by an asterisk (*) and for interest up to January 1, 1944 included in the amounts indicated by a double asterisk (**).

Note 3—Although the Reconstruction Finance Corporation accepted 4% interest while it held these Notes, the contract rate of 5% has been used in treatment accorded the Notes in the Plan.

Note 4—Of the \$12,500,000 principal amount shown as "Held by Company" \$6,250,000 is deposited as collateral security for the Two Year Secured Notes, and \$6,250,000 is deposited as collateral security for the notes issued to the R. F. C. In the Plan the collateral has been substituted for the notes.

INCOME ACCOUNT, YEAR ENDED DECEMBER 31, 1943

	Trustees' Books	Corporate Books	Total
OPERATING INCOME			
Railway Operating Income			
Railway Operating Revenues (See Note 1).....	\$ 26,419,889.45	\$ 24,268.68	\$ 26,444,158.13
Railway Operating Expenses.....	19,624,185.87	3,920.79	19,628,106.66
Net Revenue from Railway Operations	\$ 6,795,703.58	\$ 20,347.89	\$ 6,816,051.47
Railway Tax Accruals (See Note 2).....	1,815,746.22	165.44	1,815,911.66
Railway Operating Income.....	\$ 4,979,957.36	\$ 20,182.45	\$ 5,000,139.81
Rent Income			
Hire of Freight Cars—Credit Balance...	\$ 332,926.66		\$ 332,926.66
Rent from Locomotives.....	1,181.87		1,181.87
Rent from Passenger-Train Cars.....	80,510.09		80,510.09
Rent from Work Equipment.....	4,002.30		4,002.30
Joint Facility Rent Income.....	233,445.40		233,445.40
Total Rent Income.....	\$ 652,066.32		\$ 652,066.32
Rents Payable			
Rent for Locomotives.....	\$ 15,452.10		\$ 15,452.10
Rent for Passenger-Train Cars.....	66,697.35		66,697.35
Rent for Work Equipment.....	386.01		386.01
Joint Facility Rents.....	428,577.84		428,577.84
Total Rents Payable.....	\$ 511,113.30		\$ 511,113.30
Net Rents.....	\$ 140,953.02		\$ 140,953.02
Net Railway Operating Income.....	\$ 5,120,910.38	\$ 20,182.45	\$ 5,141,092.83
OTHER INCOME			
Miscellaneous Rent Income.....	\$ 53,919.61		\$ 53,919.61
Miscellaneous Non-operating Physical Property.....	7,189.04		7,189.04
Dividend Income.....	25,744.00		25,744.00
Income from Funded Securities.....	6,398.77		6,398.77
Income from Unfunded Securities & Accts. Income from W. C. Ry. Equipmt. Notes (Deposited with Mortgage Trustees)	13,020.34		13,020.34
	32,812.50		32,812.50
Miscellaneous Income.....	3,158.76		3,158.76
Total Other Income.....	\$ 142,243.02		\$ 142,243.02
Total Income.....	\$ 5,263,153.40	\$ 20,182.45	\$ 5,283,335.85
MISCELLANEOUS INCOME DEDUCTIONS			
Miscellaneous Rents.....	\$ 579.05	\$ 2.08	\$ 581.13
Miscellaneous Tax Accruals.....	1,608.39		1,608.39
Miscellaneous Income Charges.....	34,627.87		34,627.87
Total Miscellaneous Deductions.....	\$ 36,815.31	\$ 2.08	\$ 36,817.39
Income before Fixed Charges.....	\$ 5,226,338.09	\$ 20,180.37	\$ 5,246,518.46
FIXED CHARGES (being paid by Trustees)			
Rent for Leased Roads & Equipmt.....	\$ 1,439.90		\$ 1,439.90
Interest on Equipment Obligations.....	42,621.35		42,621.35
Interest on Miscellaneous Accounts.....	1,589.24	\$ 13.77	1,603.01
Total.....	\$ 45,650.49	\$ 13.77	\$ 45,664.26
Balance.....	\$ 5,180,687.60	\$ 20,166.60	\$ 5,200,854.20
OTHER FIXED CHARGES			
Interest on Mortgage Bonds Unmatured		\$ 1,067,155.62	\$ 1,067,155.62
Interest on Bonds & Unf. Debt Matured		3,556,275.27	3,556,275.27
Interest on Non-negotiable Debt.....		1,274,525.00	1,274,525.00
Installments on Leased Line Certificates (See Note 3).....		410,810.82	410,810.82
Guaranteed Interest on W. C. Ry. Co. Bonds.....		232,640.00	232,640.00
Total.....		\$ 6,541,406.71	\$ 6,541,406.71
Net Income or Deficit Transferred to P. & L.	\$Cr. 5,180,687.60	\$Dr. 6,521,240.11	\$Dr. 1,340,552.51

Note 1—During the year \$455,000.00 was deducted from freight revenue to provide a reserve against possible liability for refunds to the U. S. Government under Land Grant Claims.

Note 2—The income tax returns filed by the company are based on the assumption that a deduction for interest accrued on the outstanding bonds is proper until the plan is consummated, and therefore, no provision has been made for income taxes.

Note 3—Liability for these payments is denied.

PROFIT AND LOSS ACCOUNT TO DECEMBER 31, 1943

	Trustees' Books	Corporate Books	Total
Surplus or Deficit December 31, 1942 per Books	\$Cr. 8,620,948.30	\$Dr. 61,523,688.48	\$Dr. 52,902,740.18
Additions to Property through Income and Surplus Transferred to Donations and Grants	\$Dr. 3,864.72	\$Dr. 140,615.67	\$Dr. 144,480.39
Surplus or Deficit December 31, 1942, as adjusted	\$Cr. 8,617,083.58	\$Dr. 61,664,304.15	\$Dr. 53,047,220.57
Net Income or Deficit for year ended December 31, 1943	\$Cr. 5,180,687.60	\$Dr. 6,521,240.11	\$Dr. 1,340,552.51
Profit and Loss Miscellaneous Debits and Credits for the Year 1943—Net	\$Dr. 153,671.20	\$Cr. 3,134.69	\$Dr. 150,536.51
Net Profit or Loss for the Year 1943 ..	\$Cr. 5,027,016.40	\$Dr. 6,518,105.42	\$Dr. 1,491,089.02
Balance December 31, 1943	\$Cr. 13,644,099.98	\$Dr. 68,182,409.57	\$Dr. 54,538,309.59
Unearned Surplus arising out of retirements during 1943 of property acquired through donations and grants ..	\$Cr. 2,701.91		\$Cr. 2,701.91
Surplus or Deficit December 31, 1943, per Books	\$Cr. 13,646,801.89	\$Dr. 68,182,409.57	\$Dr. 54,535,607.68
Excluded from Accompanying Balance Sheet:			
Canadian Exchange on Canadian Pacific Railway Co. Advances ..		\$Dr. 709,230.65	\$Dr. 709,230.65
Accruals for semi-annual installments on Leased Line Certificates ..		\$Cr. 4,926,113.15	\$Cr. 4,926,113.15
Surplus or Deficit December 31, 1943, per Balance Sheet	\$Cr. 13,646,801.89	\$Dr. 63,965,527.07	\$Dr. 50,318,725.18

OPERATING REVENUE

YEAR ENDED DECEMBER 31, 1943

Revenue from Transportation

Freight Revenue	\$22,935,575.68	
Passenger Revenue	1,761,255.63	
Excess Baggage Revenue	2,717.37	
Sleeping Car Revenue	65,111.44	
Parlor and Chair Car Revenue	146.25	
Mail Revenue	615,125.89	
Express Revenue	327,016.33	
Other Passenger Train Revenue	8,843.79	
Milk Revenue on Passenger Trains	116,897.91	
Switching Revenue	74,940.04	
Total Revenue from Transportation		\$25,907,630.33

Incidental Operating Revenue

Dining and Buffet Car Service	\$ 83,413.09	
Station, Train and Boat Privileges	2,541.43	
Parcel Room Receipts	57.01	
Storage, Freight	1,549.18	
Storage, Baggage	93.74	
Demurrage	34,256.41	
Telegraph and Telephone Service	51,528.55	
Rents of Buildings and Other Property ..	18,777.97	
Miscellaneous	160,603.66	
Total Incidental Operating Revenue		352,821.04
Joint Facilities Revenue Net Credit		183,706.76
Total Operating Revenue		\$26,444,158.13

Detailed Statement of Earnings and Expenses

EARNINGS	1943	1942
Freight.....	\$ 22,935,575.68	\$ 20,177,263.91
Passenger.....	1,761,255.63	1,031,452.34
Mail.....	615,125.89	617,894.70
Express.....	327,016.33	222,973.35
Miscellaneous.....	452,363.56	367,527.02
Incidental.....	352,821.04	300,910.67
Total Operating Revenue.....	\$ 26,444,158.13	\$ 22,718,021.99

OPERATING EXPENSES

Maintenance of Way and Structures:		
Superintendence.....	\$ 194,423.41	\$ 179,172.63
Roadway Maintenance.....	535,400.04	448,232.91
Tunnels and Subways.....	272.95	325.61
Bridges, Trestles and Culverts.....	170,879.49	205,160.21
Ties.....	413,992.97	428,453.99
Rails.....	155,073.74	169,899.51
Other Track Material.....	173,174.30	116,701.08
Ballast.....	103,958.89	106,030.22
Track Laying and Surfacing.....	1,404,792.62	1,184,849.18
Fences, Snowsheds and Signs.....	65,271.70	49,871.29
Station and Office Buildings.....	110,543.97	143,512.67
Roadway Buildings.....	2,070.29	4,860.39
Water Stations.....	57,096.89	90,088.23
Fuel Stations.....	16,146.20	18,852.08
Shops and Enginehouses.....	78,780.90	75,329.72
Telegraph and Telephone Lines.....	75,350.66	84,168.78
Signals and Interlockers.....	19,881.16	30,932.93
Power Plants.....	861.24	2,678.63
Power Transmission Systems.....	225.25	305.10
Miscellaneous Structures.....		Cr. 196.69
Road Property Depreciation.....	484,977.21	
Roadway Machines.....	70,553.74	65,015.06
Dismantling Retired Road Property.....	8,124.17	
Small Tools and Supplies.....	41,737.11	42,364.10
Removing Snow, Ice and Sand.....	207,251.74	61,987.74
Public Improvements, Maintenance.....	23,004.96	29,812.76
Injuries to Persons.....	36,086.08	20,392.39
Insurance.....	5,362.97	5,526.59
Stationery and Printing.....	3,681.02	2,349.74
Other Expenses.....	84.68	18,880.96
Maintaining Jt. Tracks, Yards and other Facilities—Dr.....	129,196.60	124,439.81
Maintaining Jt. Tracks, Yards and other Facilities—Cr.....	10,473.19	11,290.38
Right of Way Expenses.....	1,765.69	1,592.93
Total.....	\$ 4,579,549.45	\$ 3,700,300.17
Maintenance of Equipment:		
Superintendence.....	\$ 77,148.47	\$ 73,282.01
Shop Machinery.....	50,484.46	55,032.08
Power Plant Machinery.....	11,065.45	2,211.87
Shop and Power Plant Machinery Depreciation.....	19,991.51	
Dismantling Retired Shop and Power Plant Machinery.....	8.36	
Steam Locomotives—Repairs.....	1,346,220.72	1,166,318.66
Other Locomotives—Repairs.....	16,476.08	13,032.28
Freight Train Cars—Repairs.....	1,123,368.21	950,422.79
Passenger Train Cars—Repairs.....	307,114.79	316,354.82
Work Equipment—Repairs.....	68,818.59	52,167.79
Miscellaneous Equipment—Repairs.....	5,121.03	4,195.05
Equipment—Retirements (Cost of Retiring).....	871.12	671.20
Equipment—Depreciation.....	664,394.55	673,163.79
Equipment—Amortization of Defense Projects:		
Amortization in Excess of Normal Depreciation.....	544,682.62	545,696.02
Amortization Equivalent to Normal Depreciation.....	99,839.18	99,999.45
Credits in Connection with Retirements.....	Cr. 1,173.42	Cr. 1,023.83
Injuries to Persons.....	9,307.27	18,254.63
Insurance.....	6,021.34	6,417.82
Stationery and Printing.....	3,156.95	2,228.89
Other Expenses.....	Cr. 5,530.85	Cr. 2,494.12
Maintaining Joint Equipment—Dr.....	34,378.73	26,003.77
Maintaining Joint Equipment—Cr.....	2,522.79	2,133.19
Total.....	\$ 4,379,242.37	\$ 3,999,801.78

The above figures include charges for:

Road:		
Depreciation.....	\$ 504,968.72	
Retirement Losses.....	62,172.79	\$ 114,332.69
Equipment:		
Depreciation.....	664,394.55	673,163.79
Amortization.....	643,348.38	644,671.64
Total.....	\$ 1,874,884.44	\$ 1,432,168.12

Detailed Statement of Earnings and Expenses—Continued

	1943	1942
Traffic Expenses:		
Superintendence.....	\$ 156,395.96	\$ 146,063.21
Outside Agencies.....	249,279.96	235,036.74
Advertising.....	29,225.72	25,836.02
Traffic Associations.....	8,935.09	11,732.06
Industrial and Immigration Bureaus.....	6,892.51	8,113.33
Insurance.....	183.42	207.00
Stationery and Printing.....	27,659.38	29,799.74
Total.....	\$ 478,570.04	\$ 456,788.10
Transportation Expenses:		
Superintendence.....	\$ 216,599.42	\$ 195,810.92
Dispatching Trains.....	120,548.56	107,356.28
Station Employees.....	1,403,770.92	1,226,697.24
Weighing, Insp., and Demurrage Bureaus.....	17,189.71	17,667.86
Coal and Ore Wharves.....	87,185.33	Cr. 3.00
Station Supplies and Expenses.....	165,533.99	78,461.90
Yard Masters and Yard Clerks.....	414,208.49	161,260.06
Yard Conductors and Brakemen.....	19,409.32	394,351.59
Yard Switch and Signal Tenders.....	236,614.38	18,722.85
Yard Enginemen.....	36,831.38	225,422.52
Yard Motormen.....	175,096.23	34,226.76
Yard Switching Fuel.....	7,456.53	155,171.93
Water for Yard Locomotives.....	6,253.64	6,838.46
Lubricants for Yard Locomotives.....	2,617.55	5,238.46
Other Supplies for Yard Locomotives.....	88,673.38	2,652.34
Enginehouse Expenses—Yard.....	6,122.77	78,501.61
Yard Supplies and Expenses.....	462,893.48	5,625.36
Operating Joint Yards and Terminals—Dr.....	26,639.32	363,430.61
Operating Joint Yards and Terminals—Cr.....	1,132,145.83	46,168.57
Train Enginemen.....	1,867,480.90	1,041,570.48
Train Fuel.....	63,982.14	1,500,372.34
Water for Train Locomotives.....	45,560.88	56,871.42
Lubricants for Train Locomotives.....	19,031.85	36,893.41
Other Supplies for Train Locomotives.....	239,253.85	18,646.51
Enginehouse Expenses—Train.....	1,505,752.33	199,001.08
Trainmen.....	531,963.37	1,394,179.27
Train Supplies and Expenses.....	36,770.41	447,582.91
Operating Sleeping Cars.....	59,874.46	31,398.84
Signal and Interlocker Operation.....	34,072.12	54,921.90
Crossing Protection.....	39.43	28,806.80
Drawbridge Operation.....	37,646.31	.....
Telegraph and Telephone Operation.....	28,428.38	34,538.03
Stationery and Printing.....	70,124.14	28,262.74
Other Expenses.....	90,754.02	20,413.12
Operating Joint Tracks and Facilities—Dr.....	17,191.25	85,452.78
Operating Joint Tracks and Facilities—Cr.....	7,644.17	18,248.01
Insurance.....	36,335.96	5,696.06
Clearing Wrecks.....	11,753.47	29,231.37
Damage to Property.....	13,912.41	7,725.66
Damage to Live Stock on Right of Way.....	52,966.07	15,657.15
Loss and Damage—Freight.....	291.81	40,668.39
Loss and Damage—Baggage.....	51,151.07	62.34
Injuries to Persons.....	.....	88,512.37
Total.....	\$ 9,360,109.89	\$ 8,179,482.14
Miscellaneous Operations:		
Dining and Buffet Service.....	\$ 115,709.92	\$ 79,584.16
General Expenses:		
Salaries and Expenses of General Officers.....	\$ 108,510.40	\$ 103,485.90
Salaries and Expenses of Clerks and Attendants.....	450,095.89	391,821.38
General Office Supplies and Expenses.....	30,504.39	30,899.34
Law Expenses.....	62,582.53	65,316.42
Insurance.....	1,502.88	1,474.44
Pensions.....	9,414.81	11,037.65
Stationery and Printing.....	19,658.45	18,869.57
Valuation Expenses.....	1,301.42	1,436.12
Other Expenses.....	26,696.32	34,066.85
General Joint Facilities—Dr.....	6,315.66	5,317.48
General Joint Facilities—Cr.....	1,657.76	2,785.44
Total.....	\$ 714,924.99	\$ 660,939.71
Total Operating Expenses.....	\$ 19,628,106.66	\$ 17,076,896.06
Net Operating Revenue.....	\$ 6,816,051.47	\$ 5,641,125.93
Percentage of Expenses to Revenue.....	74.22	75.17

FREIGHT TRAFFIC MOVEMENT (Company's Material Excluded)

COMMODITY	Year Ended Dec. 31, 1943		Year Ended Dec. 31, 1942	
	Tons	Per Cent	Tons	Per Cent
Products of Agriculture				
Wheat.....	1,201,469	11.71	842,372	8.72
Corn.....	33,284	.32	49,554	.51
Oats.....	362,744	3.53	127,288	1.32
Barley and rye.....	508,381	4.95	272,706	2.82
Rice.....	87	.....	471	.....
Grain, N. O. S.....	1,411	.01	1,354	.01
Flour, wheat.....	95,195	.93	49,907	.52
Meal, corn.....	240	.....	713	.01
Flour and meal, edible N. O. S.....	1,072	.01	610	.01
Cereal food preparations, edible, N. O. S.....	3,124	.03	1,866	.02
Mill products, N. O. S.....	93,198	.91	73,668	.76
Hay and alfalfa.....	16,270	.16	11,922	.12
Straw.....	11,126	.11	2,998	.03
Tobacco, leaf.....	183	.....	.....	.....
Cotton in bales.....	144	.....	88	.....
Cotton linters, noils and regins.....	668	.01	1,857	.02
Cottonseed.....	147	.....	12	.....
Cottonseed, meal and cake.....	14,037	.14	113	.....
Oranges and grape fruit.....	904	.01	7,945	.08
Lemons, limes and citrus fruits, N. O. S.....	6,426	.06	528	.....
Apples, fresh.....	408	.....	11,438	.12
Bananas.....	54	.....	1,979	.02
Berries, fresh.....	116	.....	135	.....
Cantaloupes and melons, N. O. S.....	784	.01	84	.....
Grapes, fresh.....	611	.01	718	.01
Peaches, fresh.....	1,017	.01	919	.01
Watermelons.....	2,067	.02	438	.....
Fruits, fresh, domestic, N. O. S.....	15	.....	1,757	.02
Potatoes, fresh, tropical, N. O. S.....	50,541	.49	.....	.....
Potatoes, other than sweet.....	2,536	.03	37,601	.39
Cabbage.....	298	.....	1,835	.02
Onions.....	1,419	.01	785	.01
Tomatoes.....	2,154	.02	1,451	.02
Vegetables, fresh, N. O. S.....	4,135	.04	2,687	.03
Beans, and peas, dried.....	1,233	.01	1,873	.02
Fruits, dried or evaporated.....	1,918	.02	621	.01
Vegetables, dry, N. O. S.....	11,691	.12	427	.....
Vegetable-oil cake and meal except cottonseed.....	306	.....	9,779	.10
Peanuts.....	128,971	1.26	166	.....
Flaxseed.....	32,890	.32	106,037	1.10
Sugar beets.....	25,268	.25	36,333	.38
Products of agriculture, N. O. S.....	2,618,542	25.51	19,724	.20
Total.....			1,682,759	17.41
Animals and Products				
Horses, mules, ponies and asses.....	2,131	.02	1,318	.01
Cattle and calves, single-deck.....	33,765	.33	54,631	.57
Sheep and goats, single-deck.....	1,845	.02	1,968	.02
Sheep and goats, double-deck.....	2,471	.02	1,376	.01
Hogs, single-deck.....	14,635	.14	8,162	.08
Hogs, double-deck.....	3,862	.04	948	.01
Fresh meats, N. O. S.....	6,357	.06	6,859	.07
Meats, cured, dried or smoked.....	1,295	.01	2,649	.03
Packing-house products, edible, N. O. S. not including canned meats.....	917	.01	1,224	.01
Poultry, live.....	137	.....	56	.....
Poultry, dressed.....	4,639	.05	5,519	.06
Eggs.....	5,607	.05	2,009	.02
Butter.....	20,575	.20	22,663	.23
Cheese.....	3,462	.03	5,363	.06
Wool.....	5,707	.06	3,846	.04
Hides, green.....	13,201	.13	12,248	.13
Leather.....	287	.....	730	.01
Fish or sea animal oil.....	2,938	.03	2,118	.02
Animals, live, N. O. S.....	100	.....	103	.....
Animal products, N. O. S. (other than fertilizers and fertilizer materials).....	24,024	.24	20,879	.22
Total.....	147,955	1.44	154,669	1.60

FREIGHT TRAFFIC MOVEMENT—Continued (Company's Material Excluded)

COMMODITY	Year Ended Dec. 31, 1943		Year Ended Dec. 31, 1942	
	Tons	Per Cent	Tons	Per Cent
Products of Mines				
Anthracite coal.....	30,016	.29	22,260	.23
Bituminous coal.....	798,540	7.78	627,341	6.49
Lignite.....	707,630	6.89	650,207	6.73
Coke.....	63,365	.62	63,857	.66
Iron ore.....	1,936,330	18.86	1,930,203	19.97
Ores and concentrates, N. O. S.....	14,178	.14	598	.01
Gravel and sand (other than glass or moulding).....	50,075	.49	9,173	.09
Stone, broken, ground or crushed.....	209,605	2.04	180,200	1.86
Stone, rough, N. O. S.....	11,967	.12	205,349	2.13
Stone, finished, N. O. S.....	278	.....	563	.01
Petroleum crude.....	75,781	.74	10,998	.11
Asphalt (natural, by-product, or petroleum).....	11,753	.11	16,783	.17
Salt.....	16,336	.16	18,193	.19
Phosphate rock, crude (ground or not ground).....	479	.01	229	.....
Sulphur (brimstone).....	16,620	.16	23,926	.25
Products of mines, N. O. S.....	137,964	1.34	140,340	1.45
Other.....	530	.01	11,115	.12
Total.....	4,081,447	39.76	3,911,335	40.47
Products of Forests				
Logs.....	177,669	1.73	131,319	1.36
Posts, poles and piling.....	71,020	.69	86,316	.89
Wood (fuel).....	23,564	.23	27,377	.28
Ties, railroad.....	10,696	.10	7,286	.08
Pulpwood.....	521,040	5.08	624,133	6.46
Lumber, shingles and lath.....	683,078	6.65	808,288	8.36
Box, crate and cooperage materials.....	34,725	.34	24,148	.25
Veneer and built-up wood.....	6,993	.07	5,077	.05
Rosin.....	1,338	.01	1,311	.01
Turpentine.....	250	.....	435	.01
Products of forests, N. O. S.....	65,511	.64	69,953	.73
Other.....	518	.01	330	.....
Total.....	1,596,402	15.55	1,785,973	18.48
Manufactures and Miscel.				
Petroleum oils, refined and all other gaso- lines.....	170,282	1.66	336,805	3.49
Fuel, road and petroleum residual oils, N. O. S.....	48,073	.47	77,951	.81
Lubricating oils and greases.....	12,629	.12	12,141	.13
Petroleum products, N. O. S.....	407	.....	320	.....
Cottonseed oil.....	388	.....	213	.....
Linseed oil.....	6,332	.06	85	.....
Vegetable oils, N. O. S.....	713	.01	237	.....
Sugar (beet or cane).....	8,493	.08	9,193	.09
Table syrups and edible molasses.....	887	.01	1,497	.02
Molasses, blackstrap and beet residual.....	448	.....	3,032	.03
Iron, pig.....	29,845	.29	36,221	.38
Iron and steel, rated 6th class in official classification, N. O. S.....	3,041	.03	2,703	.03
Rails, fastenings, frogs and switches.....	5,918	.06	523	.01
Cast-iron pipe and fittings.....	3,698	.04	671	.01
Iron and steel pipe and fittings, N. O. S.....	14,325	.14	17,069	.18
Iron and steel; nails and wire, not woven.....	6,606	.06	4,340	.04
Iron and steel, rated 5th class in official classification, N. O. S. (also tin andterne plate).....	62,277	.61	97,621	1.01
Machinery and boilers.....	14,143	.14	11,871	.12
Cement, natural or Portland, building.....	38,272	.37	92,911	.96

FREIGHT TRAFFIC MOVEMENT—Concluded **(Company's Material Excluded)**

COMMODITY	Year Ended Dec. 31, 1943		Year Ended Dec. 31, 1942	
	Tons	Per Cent	Tons	Per Cent
Manufactures and Miscel.—Cont.				
Brick, common.....	2,552	.03	1,865	.02
Brick, N. O. S. and building tile.....	27,801	.27	23,302	.24
Artificial stone, N. O. S.....	577	.01	2,171	.02
Lime, common (quick or slack).....	14,511	.14	15,612	.16
Plaster (stucco or wall) and dry kalsomine.....	1,700	.02	2,566	.03
Sewer pipe and drain tile (not metal).....	2,991	.03	3,026	.03
Agricultural implements and parts, N. O. S.....	6,846	.07	12,284	.13
Vehicles, horse drawn and parts, N. O. S.....	527	.01	124	.....
Tractors and parts.....	14,398	.14	15,774	.16
Railway car wheels, axles and trucks.....	3,025	.03	3,458	.04
Automobiles (Passenger).....	1,617	.02	484	.....
Auto trucks.....	13,003	.13	3,847	.04
Automobiles and auto trucks K. D., and parts, N. O. S.....	4,521	.04	186	.....
Automobile and auto truck tires.....	384	.....	107	.....
Furniture, metal.....	642	.01	360	.....
Furniture, other than metal.....	1,729	.02	1,263	.01
Beverages.....	20,060	.20	14,841	.15
Ice.....	15,071	.15	10,869	.11
Fertilizers, N. O. S.....	99,087	.97	57,229	.59
Newsprint paper.....	245,188	2.39	214,260	2.22
Printing paper, N. O. S.....	12,630	.12	10,508	.11
Cotton cloth and cotton fabrics, N. O. S.....	1,477	.01	1,112	.01
Bagging and bags, burlap, gunny or jute.....	1,275	.01	1,534	.02
Canned food products, N. O. S.....	91,056	.89	81,691	.85
Tobacco, manufactured products.....	178	.....	450	.....
Paints in oils and varnishes.....	533	.01	407	.....
Furnace slag.....	369	.....	88	.....
Scrap iron and scrap steel.....	45,311	.44	121,925	1.26
Paper bags and wrapping paper.....	30,987	.30	34,778	.36
Paper board, pulpboard, and wallboard (paper).....	6,474	.06	4,718	.05
Building paper and prepared roofing materials.....	13,604	.13	13,197	.14
Building woodwork (millwork).....	3,858	.04	4,884	.05
Soap and washing compounds.....	1,579	.02	2,932	.03
Glass, flat other than plate.....	1,302	.01	1,505	.02
Glass, bottles, jars, and jelly glasses.....	3,094	.03	3,267	.03
Manufactures and miscellaneous, N. O. S.....	592,930	5.76	583,633	6.04
Other.....	11,605	.11	83,033	.86
Total.....	1,721,269	16.77	2,038,694	21.09
Grand Total, C. L. Traffic.....	10,165,615	99.03	9,573,430	99.05
All L. C. L. Freight.....	100,068	.97	91,667	.95
Grand Total Carload and L. C. L. Traffic.....	10,265,683	100.00	9,665,097	100.00

Note—N. O. S.—Not Otherwise Specified.
K. D.—Knocked down.

**Traffic and Mileage Statistics, per Interstate Commerce
Commission Classification**

	Year Ended Dec. 31, 1943	Year Ended Dec. 31, 1942
	Passengers, Tonnage, Rates and Revenues	Passengers, Tonnage, Rates and Revenues
Passenger Traffic		
Number of Passengers Carried		
Earning Revenue.....	544,549	332,629
Number of Passengers Carried One Mile.....	95,683,050	56,772,278
Number of Passengers Carried One Mile per Mile of Road..	29,724	17,635
Average Distance Carried, Miles	175 71	170 68
Total Passenger Revenue.....	\$1,761,255 63	\$1,031,452 34
Average Amount Received from Each Passenger.....	\$3 2343	\$3 1009
Average Receipts per Passenger per Mile.....	\$01841	\$01817
Total Passenger Service Train Revenue.....	\$2,897,114 61	\$2,040,846 44
Passenger Service Train Revenue per Mile of Road.....	\$899 98	\$633 96
Passenger Service Train Revenue per Train Mile.....	\$1 50799	\$1 05256
Freight Traffic		
Number of Tons Carried of Freight Earning Revenue....	10,265,683	9,665,097
Number of Tons Carried One Mile	2,583,417,299	2,133,486,953
Number of Tons Carried One Mile per Mile of Road.....	802,533	662,736
Average Distance Haul of One Ton, Miles.....	251 66	220 74
Total Freight Revenue.....	\$22,935,575 68	\$20,177,263 91
Average Amount Received for Each Ton of Freight.....	\$2 23420	\$2 08764
Average Receipts per Ton per Mile.....	\$00888	\$00946
Freight Revenue per Mile of Road	\$7,124 89	\$6,267 77
Freight Revenue per Train Mile	\$6 82828	\$6 37155
Total Traffic		
Operating Revenue.....	\$26,444,158 13	\$22,718,021 99
Operating Revenue per Mile of Road.....	\$8,214 82	\$7,057 02
Operating Revenue per Train Mile.....	\$5 00828	\$4 44954
Operating Expenses.....	\$19,628,106 66	\$17,076,896 06
Operating Expenses per Mile of Road.....	\$6,097 43	\$5,304 69
Operating Expenses per Train Mile.....	\$3 71738	\$3 34467
Net Operating Revenue.....	\$6,816,051 47	\$5,641,125 93
Net Operating Revenue per Mile of Road.....	\$2,117 39	\$1,752 33

Traffic and Mileage Statistics—Continued

CLASSIFICATION	Year Ended Dec. 31, 1943	Year Ended Dec. 31, 1942
Locomotive Mileage, Revenue Service:		
Freight Locomotive-Miles.....	3,394,238	3,190,768
Passenger Locomotive-Miles.....	1,949,096	1,960,712
Switching Locomotive-Miles.....	857,796	847,596
Total Revenue Locomotive Mileage...	6,201,130	5,999,076
Non-revenue Service Locomotive-Miles....	154,320	123,411
Car Mileage, Revenue Service:		
Freight Car-Miles:		
Loaded.....	75,859,533	69,215,776
Empty.....	44,614,644	42,418,339
Caboose.....	2,649,471	2,472,680
Total Freight Car-Miles.....	123,123,648	114,106,795
Passenger Car-Miles:		
Passenger.....	4,433,015	3,779,647
Sleeping and Parlor.....	1,992,172	2,076,903
Other Passenger Train Cars.....	4,780,471	4,900,617
Total Passenger Car-Miles.....	11,205,658	10,757,167
Total Revenue Car Mileage.....	134,329,306	124,863,962
Non-revenue Service Car-Miles.....	1,067,429	1,038,884
Train Mileage, Revenue Service:		
Freight Train-Miles.....	3,358,911	3,166,774
Passenger Train-Miles.....	1,921,176	1,938,930
Total Revenue Train Mileage.....	5,280,087	5,105,704
Non-revenue Service Train-Miles.....	137,766	95,364
Average Number of Passengers per Car-Mile	14.89	9.69
Average Number of Passengers per Train-Mile.....	49.80	29.28
Average Number of Passenger Cars per Train-Mile.....	5.83	5.55
Average Number of Tons of Revenue Freight per Loaded Car-Mile.....	34.06	30.82
Average Number of Tons of Revenue Freight per Train-Mile.....	769.12	673.71
Average Number of Freight Cars per Train-Mile.....	36.66	36.03
Average Number of Loaded Cars per Train-Mile	22.58	21.86
Average Number of Empty Cars per Train-Mile	13.28	13.39
Average Mileage Operated During Year....	3,219.08	3,219.21

ADDITIONS AND BETTERMENTS TO ROAD
Year Ended December 31, 1943

	Amount
Engineering.....Cr.\$	9,133.74
Land for Transportation Purposes.....Cr.	21,921.77
Other Right-of-Way Expenditures.....Cr.	1,037.02
Grading.....	6,347.02
Bridges, Trestles and Culverts.....	12,543.04
Ties.....Cr.	7,393.25
Rails.....	16,939.10
Other Track Material.....	97,118.95
Ballast.....	1,685.47
Track Laying and Surfacing.....	7,288.23
Fences, Snowsheds and Signs.....	992.46
Crossings and Signs.....	4,251.61
Station and Office Buildings.....Cr.	11,183.48
Roadway Buildings.....Cr.	78.06
Water Stations.....Cr.	8,812.06
Fuel Stations.....	591.78
Shops and Enginehouses.....	32,121.67
Telegraph and Telephone Lines.....	769.79
Signals and Interlockers.....	1,439.26
Power Plants.....Cr.	721.79
Power-Transmission Systems.....	612.25
Miscellaneous Structures.....	464.02
Roadway Machines.....	6,824.40
Public Improvements—Construction.....Cr.	282.26
Other Expenditures—Road.....	37.19
Shop Machinery.....	1,815.98
Power-Plant Machinery.....	4,447.11
Organization Expenses.....Cr.	25.21
General Officers and Clerks.....Cr.	71.37
Law.....Cr.	12.39
Stationery and Printing.....Cr.	4.04
Taxes.....Cr.	4.40
Interest During Construction.....Cr.	595.97
Other Expenditures—General.....Cr.	1.09
Total.....	\$ 135,011.43

ADDITIONS AND BETTERMENTS TO EQUIPMENT

Year Ended December 31, 1943

ADDITIONS	Amount
Steam Locomotives—Install Simplex Stokers to 7 locomotives.....	\$ 19,058.67
Steam Locomotives—Construct 4-12,000 gallon tenders.....	36,240.00
Steam Locomotives—Miscellaneous minor improvements.....	861.88
Box Cars—AB brake equipment to 46 cars.....	4,935.68
2 Flat cars (Reclassified account remodeled from tank cars)....	1,554.82
Ore cars—Reinforce underframes on 60 cars.....	4,418.57
Freight Train cars—Miscellaneous minor improvements.....	804.28
1 Combination Coach-caboose—(Reclassified account remodeled from passenger coach).....	7,091.48
2 Passenger Coaches—(Reclassified account remodeled from cafe and observation car and from parlor car).....	41,188.69
Passenger train cars—Miscellaneous minor improvements....	651.99
14 Other company service equipment (1 reclassified account remodeled from officers car, 9 converted from revenue service and 2 converted from tenders).....	39,395.26
Other company service equipment—Gasoline pumping apparatus for use on Pile Driver.....	107.00
2 Automobiles.....	1,756.54
10 Auto trucks.....	11,361.23
Snow plows for auto trucks -5	249.97
Miscellaneous accounting adjustments.....	2,682.84
Total.....	<u>\$172,358.90</u>

DEDUCTIONS

6 Locomotives.....	\$ 72,662.71
Locomotives—Extra tender -1.....	2,171.70
Locomotives—Congdon snow plow -1.....	273.31
9 Automobile cars.....	15,513.79
8 Ballast cars.....	12,031.24
131 Box cars.....	158,025.06
1 Caboose car.....	1,384.79
2 Flat cars.....	1,542.62
3 Ore cars.....	3,289.96
1 Refrigerator car.....	1,715.10
3 Tank cars (2 reclassified account remodeled into flat cars)....	5,929.87
4 Buffet—sun parlor and lounge cars.....	269,562.19
1 Cafe and observation car (Reclassified account remodeled into passenger coach).....	22,240.21
1 Passenger coach (Reclassified account remodeled into combination coach and caboose car).....	7,242.10
3 Passenger and baggage cars (converted into work service)....	15,806.75
1 Parlor car (Reclassified account remodeled into passenger coach)	20,564.43
4 Other company service equipment.....	3,065.64
1 Officers car (Reclassified account remodeled into bunk and tool car).....	16,247.24
2 Automobiles.....	1,279.00
Total.....	<u>630,547.71</u>
Net Deductions.....	<u>\$458,188.81</u>

EQUIPMENT OWNED DECEMBER 31, 1943**Equipment Owned and Operated****STEAM LOCOMOTIVES**

All classes	170
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OTHER LOCOMOTIVES

Diesel	4
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FREIGHT TRAIN CARS

Automobile	673
Ballast	271
Box	6,025
Caboose	133
Flat	389
Gondola	705
Ore	1,112
Refrigerator	8
Stock	395
Tank	* 4

Total Freight Train Cars	9,715
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PASSENGER TRAIN CARS

Baggage	31
Baggage and Smoking	1
Coach-Caboose	1
Dining	4
Mail and Express	28
Mail, Express and Coach	6
Passenger Coaches	41
Coach-Cafe Lounge	2
Passenger and Baggage	6
Sleeping	5
Tourist	6
Sleeping-Restaurant and Lounge	2
Drovers	5

Total Passenger Train Cars	138
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WORK EQUIPMENT

Officers' Cars	4
Derrick Cars	2
Wrecking Cars (Steam)	5
Other Company Service Equipment	194

Total Work Equipment	205
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MISCELLANEOUS EQUIPMENT

Automobiles	19
Electric Trucks	2
Lime Spreader	1
Spraying Outfit	1

Total Miscellaneous Equipment	23
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*Tanks owned by Gedney Pickle Company mounted on four flat cars owned by Carrier.

MILES OF ROAD OPERATED, DECEMBER 31, 1943

SOLELY OWNED

Minnesota Division

	Miles
Portal, N. D.....to Minneapolis, Minn., W. Switch Humboldt Yard.....	543.85
Whitetail, Mont.....to Flaxton, N. D.....	136.62
Sanish, N. D.....to Prairie Junction, N. D.....	32.80
Plaza, N. D.....to Max, N. D.....	35.58
Max, N. D.....to Drake, N. D.....	48.17
Max, N. D.....to Hankinson, N. D.....	304.31
Pollock, S. D.....to Wishek, N. D.....	70.32
Grenville, S. D.....to Fairmount, N. D.....	83.61
Total Minnesota Division.....	1,255.26

Winnipeg Division

Noyes, Minn.....to Glenwood, Minn.....	265.05
Kenmare, N. D.....to Dakota Junction, Minn.....	296.44
Armourdale, N. D.....to Egeland, N. D.....	21.88
Drake, N. D.....to Fordville, N. D.....	130.96
Plummer, Minn.....to Moose Lake, Minn.....	192.29
Lawler, Minn.....to East Lake, Minn.....	6.51
Ironton, Minn.....to Crosby, Minn.....	1.00
Boylston Jct., Wis.....to Broton, Minn.....	175.89
McGregor, Minn.....to Conn. with N. P. Ry.....	.06
Total Winnipeg Division.....	1,090.08

Minneapolis-Duluth Division

Minneapolis, Minn., 5th Avenue, North.....to W. Switch, Humboldt Yard.....	4.71
Minneapolis, Minn., Camden Place.....to Weyerhaeuser, Wis.....	112.86
Minneapolis, Minn., Columbia Heights.....to Hilo Junction.....	1.09
St. Paul, Minn.....to Cardigan Junction, Minn.....	8.13
Dresser Jct., Wis.....to Superior, Wis., 28th Street.....	103.30
Superior, Wis., 12th Street Junction.....to Interstate Bridge.....	1.89
Duluth, Minn., Interstate Bridge.....to 10th Ave., Freight House.....	1.39
Summit, Wis.....to St. Croix Falls, Wis.....	2.04
Ridgeland, Wis.....to Barron, Wis.....	18.52
Rice Lake, Wis.....to Cameron, Wis.....	6.68
Superior, Wis.....to Conn. with N. P. Ry.....	.68
Total Minneapolis-Duluth Division.....	261.29

Gladstone Division

Weyerhaeuser, Wis.....to Sault Ste. Marie, Mich.....	378.72
Wisconsin Jct., Wis.....to Winnebago Junction, Wis.....	118.80
Appleton, Wis., North Wye...to End of track.....	1.07
Rapid River, Mich.....to Eben Junction, Mich.....	30.54
Total Gladstone Division.....	529.13
Total Solely Owned.....	3,135.76

JOINTLY OWNED

Sault Ste. Marie, Mich.—Joint with D. S. S. & A. Ry. Co.....	1.71
Minneapolis, Minn.—Joint with N. P. Ry.....	.88
Bemidji, Minn.—Joint with N. P. Ry.....	.19
Deerwood, Minn. to Cuyuna Range Mines—Joint with N. P. Ry.....	21.51
Total Jointly Owned.....	24.29
Total Mileage Owned and Operated.....	3,160.05

MILES OF ROAD OPERATED, DECEMBER 31, 1943—Cont.

Total Mileage Owned and Operated..... 3,160.05

TRACKAGE RIGHTS

Over Wisconsin Central Railway

Superior, Wis., 28th Street... to Tower Avenue.....	2.44
Duluth, Minn., Berwind Jet... to 6th Avenue.....	4.71
Winnebago, Wis..... to Winnebago Jet.....	.06

Total Over W. C. Ry..... 7.21

Joint With Wisconsin Central Ry.

St. Paul, Minn.....	N. P. Ry., Soo Line Jet. to 3rd St.....	2.42
	St. P. U. D. Co., 3rd St. to Sibley St.....	.85
	C. St. P. M. & O. Ry. and C. M. St. P. & P. R. R., Sibley St. to Chestnut St..	.79
	C. M. St. P. & P. R. R., Chestnut St. to Minneapolis, Minn.....	10.54
Minneapolis, Minn.....	M. & St. L. Ry., 20th Ave. So. to 4th Ave. North.....	.80
	N. P. Ry., 4th Ave. No. to 14th Ave. N..	.66
Superior, Wis.....	D. S. Br. Co., Superior, Wis. to Interstate Bridge.....	.54
	L. S. T. & T. Ry., Tower Ave.....	.43
	N. P. Ry., Grassy Point Line, Superior Wis. to Duluth, Minn.....	1.96
Duluth, Minn.....	N. P. & C. St. P. M. & O., 8th to 15th Ave. West.....	.37

Total Joint with W. C. Ry..... 19.36

Other

Sault Ste. Marie, Mich.—Union Depot Co.....	.52
Sault Ste. Marie, Mich.—Ste. Marie Bridge Co.....	.52
Deerwood—McGregor, Minn., N. P. Ry.....	30.95
Superior—Ore Dock Line & Hill Ave. Yd.—N. P. Ry.....	.47

Total Other..... 32.46

Total Soo Line Mileage Operated..... 3,219.08





